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Reconciling Account 035

1)   General Ledger (GL) 1324 – Salaries and Fringe Benefits Receivable:

- **In PAY1:** Negative deduction amounts are moved within Account 035 State Payroll Revolving Account from GL 5124 (Accrued Salaries and Fringe Benefits Payable) to GL 1319 (Other Receivables).

- **In HRMS:** A new GL 1324 (Salaries and Fringe Benefits Receivable) replaces GL 1319 (Other Receivables) in this transaction. The new AFRS TC associated with the new GL is **024** (Record Payroll Receivable & Lia) and it will debit (DR) GL1324 and credit (CR) GL 5124.

- **For Overpayment Recoveries in HRMS, per DOP:** Use Wage Type (WT) 3223, entitled "Repay Plan deduction". This WT generates **AFRS TC 186** (JV Rcpt-Collect Payroll Receivable), which will DR GL 7140 (Journal Vouchers In-process) and CR GL 1324.

- **Ideally this GL should have a zero balance:** and all entries should be current. If you are to have a balance in this GL it would be a debit which would indicate your agency is owed money. For example, a refund from the IRS.

- **GL 1319:** this GL is no longer used for negative deductions. For agency generated activity (non HRMS), it is OFM's recommendation that agencies use GL 1324. Ultimately it is the agencies decision to make the change to GL 1324.

2)   General Ledger 5111 – Accounts Payable:

- The normal activity in this account is warrant wraps. OFM does not recommend manual activity in this general ledger.

- Agencies will notice an increased activity since HRMS has been implemented. This is a result of OFM processing 3rd party vendor payments from payroll.

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3) General Ledger 5124 – Accrued Salaries and Fringe Benefits Payable:

- **Employer (ER) costs = Object A series (Salaries), BA (OASI), BB (Retirement), BH (Medicare)**

- HRMS document number: **PR-Pyypp**

  - ➢ PR-P = payroll
  - ➢ yy = year
  - ➢ pp = payroll number
  - ➢ Example: PR-P0617 = the 17th payroll of 2006, or 9/11/06.
  - ➢ Records costs in operating accounts and transfers them to Account 035, GL 5124.
    - ❖ Payments to employees (net pay), 3rd party vendors, and other agencies are processed from this GL.

- **In PAY1:** All salary and benefit costs were transferred to GL 5124. Accruals for Heath Insurance (GL 5181), Savings Bonds (GL 5188), and Garnishments (GL 5189) would then be transferred to the appropriate GL within Account 035.

- **In HRMS:** Amounts accrue in GLs 5181, 5188, 5189 (as well as 5187 and 5199 – see below) directly. They do not accrue in GL 5124 first. The amounts are transferred directly from the operating account.

- EFT reversal: OST document number **REVmmdd**

  - ➢ REV = reversal (EFT)
  - ➢ mm = month
  - ➢ dd = day
  - ➢ Example: REV0930 = an EFT reversal that was process on September 30.

- Ideally this account should be zero after each payroll since L & I accruals are in GL 5187.

  - ➢ All debits and credits for payroll document numbers that end in **"Pyypp"** (1 document for each pay period) should balance unless there is a cancelled warrant or EFT reversal. Any warrant cancellation Journal Vouchers (JVs) or OST EFT reversal (REVmmdd) documents would need to be included in balancing a payroll.
    - ❖ If this is the case add the JV or EFT reversal document to the total.
    - ❖ Example:
      - ▪ PR-P0617 is out of balance by $1,000.00 debit.
      - ▪ The agency has processed a warrant cancellation JV for $1,000.00. This is a credit amount.
      - ▪ To balance the payroll, add the warrant cancellation JV amount to the payroll total.

- The only amount you would see in this account would be outstanding warrant and/or EFT cancellations.

4) General Ledger 5145 – Due to Deceased Employees' Estates:

- This process is the same as it was in PAY1

- See SAAM 25.70.30 for further information: http://www.ofm.wa.gov/policy/25.70.htm.

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5)   General Ledger 5181 – Employee Insurance Deductions Payable:

- **EE costs = Employee health insurance premiums from Object A series**

- **ER costs = Sub Object BD (Health, Life, and Disability Insurance)**

- HRMS document number: **PR-Pyypp**: Records costs in operating accounts and transfers them to Account 035, GL 5181.
  - ➢ Payments to the Health Care Authority are processed from this GL.

- Insurance billing from HCA: HCA document number **INSymm**

  - ➢ INS = Insurance billing
  - ➢ y = year
  - ➢ mm = month
  - ➢ Example: INS609 = Insurance billing for September 2006.

- Employer costs for health insurance (state share) process differently in HRMS.

  - ➢ **In PAY1**, the state share was processed in AFRS on the 25th of the month.

    - ❖ Example: September 2005 processed on September 25, 2005 in Fiscal Month 3. _The entire state share was transferred to Account 035 at that time._

  - ➢ **In HRMS**, the state share is processed each payday.

    - ❖ Example: September 2006 processed in AFRS on the 11th and 25th in Fiscal Month 15. _Half of the state share is transferred to Account 035 each pay period._

    - ❖ Using the same example, the September 11th payroll was posted as follows:

      - ▪ Fiscal Month 14 (August): All payroll charges except Sub Object BD (health insurance). Fiscal Month 15 (September): Sub Object BD.

- The HCA billing process did not change:

  - ➢ HCA does not bill/sweep GL 5181 for the money until approximately the 25th of each month (the same as PAY1).

- If there is a debit balance in this GL it would indicate that the agency needs to collect more EE or ER premiums.

- When reconciling this GL use HCA report titled "HRISD B5570 – Employer Insurance Reconciliation Report" and HCA report titled "HRISD – PAY001P1-R01 -- Insurance Reconciliation Report".

  - ➢ If HCA bills the agency for a larger amount then the HRMS system deducted:
  - ➢ Check for employees on LWOP, leave of absence, insurance ineligible, etc.
  - ➢ Use DOP's job aid to collect employer and employee amounts: the job aid is titled "Health Insurance Reconciliation".   You can find this on DOP's On Line Quick Reference website under the "job aid" section and then under "agency payroll processing": http://win-shrweb.dis.wa.gov/olqr/nav/index.htm.

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6)   General Ledger 5187 – Industrial Insurance and Medical Aid Deductions Payable:

- **EE costs = Employee Medical Aid and Industrial Insurance premiums from Object A series**

- **ER costs = Sub Object BD (Medical Aid and Industrial Insurance)**

- HRMS document number: **PR-Pyypp**: Records costs in operating accounts and transfers them to Account 035, GL 5187.

  ➢ Payments to the Department of Labor and Industries are processed from this GL.

- **In PAY1:** Accruals for Medical Aid and Industrial Insurance reside in Account 035, GL 5124.

- **In HRMS:** A new GL 5187 (Industrial Insurance and Medical Aid Deductions Payable) is used for these accruals.

  ➢ *NOTE: Breaking out these entries into a new GL should help you in your Account 035 reconciliation.*

- Medical aid deductions will vary from paycheck to paycheck, based on the actual number of hours worked in a pay period.

- If leave is entered after the pay period in which it was taken, medical aid adjustments will be made in the period in which the leave is entered into the system.

To Transfer Funds to the Department of Labor and Industries: Agencies should continue to use on-line reporting and the AFRS IAP process with **TC 642** (Inter-Agency Payment/Accts Payable). This TC has a variable GL and agencies should enter GL 5187 as the debit.

7)   General Ledger 5188 – Savings Bond Deductions Payable:

- **EE costs = Savings Bond deductions from Object A series**

- **ER costs = none**

- HRMS document number: **PR-Pyypp**: Records costs in operating accounts and transfers them to Account 035, GL 5188.

  ➢ Payments to the U.S. Treasury Department processed from this GL.

- HRMS document number: **SAVPyypp, for bond purchases.**

- Credit balances are an indication of outstanding reserve balances.

- When reconciling keep in mind that employee reserve balances should match what is in AFRS.

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8) General Ledger 5189 – Garnishment Deductions Payable:

- **EE costs = Garnishment deductions from Object A series**

- **ER costs = none**

- HRMS document number: **PR-Pyypp**: Records costs in operating accounts and transfers them to Account 035, GL 5189.

  ➢ Payments to the court are processed from this GL.

- *If the agency receives a WRIT, you do not need a vendor* because the money will be accrued in Account 035, General Ledger 5189, similar to how it worked in PAY1. Writs are wage garnishments that come from the court system.

  ➢ Amounts accrued in GL5189 are payable to the court, using an A-19 with Trans Code 955, variable GL 5189. Payments are processed after receiving an "order to pay" from the court. *Payments are made to the court.*

- If the garnishment is not a WRIT then you will need to follow the user procedures established by DOP to set up the garnishment in HRMS: http://win-shrweb.dis.wa.gov/olqr/nav/index.htm. Examples include; IRS levy and voluntary wage assignments.

9) General Ledger 5194 – Liability for Canceled Warrants/Checks:

- Same process as in PAY1.

- See SAAM 85.42.80, 85, 90 and 85.38.10, 20, 40, and 50 for further information: http://www.ofm.wa.gov/policy/85.htm.

10) General Ledger 5199 – Other Liabilities:

Rather than create warrants payable to state agencies, some deduction wage types will automatically create an accrual in Account 035 to GL 5199 (Other Liabilities).

- **EE costs = Various deductions from Object A series**

- **ER costs = none**

- HRMS document number: **PR-Pyypp**: Records costs in operating accounts and transfers them to Account 035, GL 5199.

  ➢ JVs to the operating account or other agencies are processed from this GL.

- For Example:

  ➢ **In PAY1:** Deduction Code 4010 (Overpayment) creates a warrant payable to the State Treasurer. The agency would the deposit the warrant using the appropriate account coding.

  ➢ **In HRMS:** Wage Type 3223 (RepayPlan Deduction) creates a credit in GL 5199. Agencies can use a JV to transfer the funds to the appropriate account coding within your agency. Or, if applicable, agencies can transfer the funds to another agency.

    ❖ If the transfer is an IAP use TC 649 (5199V/5154).
    ❖ If the transfer will process manually use TC 965 (5199V/7140) for your first line of the JV and TC 297 (7140/5199) for the second line.

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11)   Contact Information:

- **For questions about 3rd party vendor payments made through AFRS, contact the OFM vendor help desk:**
  Email: vendorhelpdesk@ofm.wa.gov
  Phone: (360) 664-7779

- **For questions about HRMS or detail payment information, contact the DOP help desk:**
  Email: helpdesk@dop.wa.gov
  Phone: (360) 664-6400

- **For questions about payroll accounting, contact Steve Nielson or Lynn Rostvold:**
  Email: steve.nielson@ofm.wa.gov or lynn.rostvold@ofm.wa.gov
  Phone: Steve (360) 664-7681 or Lynn (360) 664-7777